



(Translation)

June 08, 2022

Name of the Company:	Tokyo Electron Limited
Name of the Representative:	Toshiki Kawai President & CEO (Representative Director) (Code No.8035; TSE Prime Market)
Person to contact:	Kazuhiro Doh General Manager in Charge of Strategy (Tel: 03-5561-7000)

### **New Medium-term Management Plan**

As information and communication technology (ICT) has evolved alongside the active use and application of digital technologies spreading to various industries and fields, and the transition to a data society progresses even further, the importance of semiconductors has grown ever more prominent. Along with this, the semiconductor production equipment market, in which Tokyo Electron Limited (TEL) operates is also expected continuous growth in the medium- to long term with further technological innovation.

We developed our Medium-term Management Plan in May of 2019, and have been engaging in efforts to achieve a financial model, as the Plan's core target, with net sales of 2 trillion yen, an operating margin of 30% or more, and ROE of 30% or more by the fiscal year ending March 31, 2024. As the semiconductor production equipment market has expanded significantly, TEL's business developments in our focal fields have been progressing smoothly, and our performance has outperformed the growth of the market. As a result, our financial results for the fiscal year ending March 31, 2022 showed net sales of 2,003.8 billion yen, an operating margin of 29.9%, and ROE of 37.2%, almost reaching our target financial model two years ahead of schedule.

It is under these circumstances that we will be reaching our milestone 60th fiscal year and have formulated our new Medium-term Management Plan as we strive for further growth. Under this plan, we will continue striving for the Best Products and Best Technical Service, and will strive to achieve short- medium- and long-term profit, as well as sustainable increases to corporate value.

#### 1. Revising Our Vision

“We strive to contribute to the development of a dream-inspiring society through our leading-edge technologies and reliable service and support” this is TEL's Corporate Philosophy, and we developed our new vision for 2030 to serve as a crucial element toward realizing this philosophy.

#### **“A company filled with dreams and vitality that contributes to technological innovation in semiconductors”**

- Tokyo Electron pursues technological innovation in semiconductors that supports the sustainable development of the world.
- We aim for medium- to long-term profit expansion and continuous corporate value enhancement by utilizing our expertise to continuously create high value-added leading-edge equipment and technical services.
- Our corporate growth is enabled by people, and our employees both create and fulfill company values. We work to realize this vision through engagement with our stakeholders.

## 2. New Medium-term Business Plan

### ① Establishing New Financial Targets

As described above, given the expected continuous growth of the semiconductor production equipment market, TEL seeks to achieve world-class operating margins and ROE (Returns on Equity), and have established financial targets for our new Medium-term Management Plan that we intend to achieve in the next five years.

Financial targets (up to the term ending March 31, 2027)	
Net sales	≥ 3 trillion yen
Operating margin	≥ 35%
ROE (Return on Equity)	≥ 30%

### ② Material issues for TEL (key areas)

As we strive to achieve our new Medium-term Management Plan, we will further refine material issues for TEL, which are comprised of four items.



### ③ Principal initiatives to achieve the new Medium-term Management Plan going forward

- Providing cutting-edge technological products with high added value and superior technological services
- Continuing proactive investments to enable maximum capture of future growth opportunities, and implementing research and development investments of at least 1 trillion yen over five years
- Enhancing the Field Solutions business by utilizing the full potential of our world-leading shipping results
- Increasing productivity and added-value using data and AI
- Advancing E-COMPASS\*1 in order to establish a sustainable supply chain in the industry
- Revising environmental long-term targets for 2050, and declaring achievement of net zero carbon emissions
- Establishing key indicators pertaining to the sustainable growth of corporate value, such as safety and employee engagement

\*1: E-COMPASS is an acronym for “Environmental Co-Creation by Material, Process and Subcomponent Solutions,” an initiative aimed at technological innovation of semiconductors and reduction of environmental burdens caused by semiconductor manufacturing, conducted in collaboration with the partner companies promoted by Tokyo Electron Limited

### 3. Capital Policy and Shareholder Return Policy

We will continue our traditional policies.

#### ① View regarding capital efficiency

The TEL's capital policy is based on securing the funds necessary for investment in growth, continuing to make proactive efforts to return profits to shareholders, and striving for appropriate balance sheet management from a medium- to long-term growth perspective. Specifically, TEL will target sustainable growth by further improving our operating income to sales and capital efficiency and making efforts to expand cash flow, and shall pursue a high level of capital efficiency, including improving ROE.

#### ② Our thought process behind shareholder returns\*2

Our dividend policy is to link dividend payments to business performance on an ongoing basis and a payout ratio is around 50% based on consolidated net income attributable to owners of parent. However, the amount of annual dividend per share shall not be less than 150 yen. TEL will flexibly consider share buybacks.

\*2: TEL will review our dividend policy if TEL does not generate net income for two consecutive fiscal years.